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SUBJECT: U.S.-CHINA AFRICA SUB-DIALOGUE: A/S FRAZER AND AFM
ZHAI JUN DISCUSS ASSISTANCE, CONFLICTS AND COOPERATION

Classified By: Political Minister Counselor Aubrey Carlson. Reasons 1.
4 (b/d).

11. (C) SUMMARY: China-Africa relations are open and transparent and do not pose a threat to other parties, Assistant Foreign Minister Zhai Jun told Assistant Secretary for African Affairs Jendayi Frazer October 14 during the U.S.-China Regional Sub-dialogue on Africa. China's priorities in Africa are to promote peace and stability, encourage economic and social development and strengthen political solidarity with African countries. China is on track to deliver on its commitments to Africa made at the 2006 Forum on China-Africa Cooperation (FOCAC). China is concerned about disastrous consequences in Sudan if International Criminal Court (ICC) proceedings against President Bashir are not suspended. China will give "favorable consideration" to supporting a limited UN peacekeeping operation in Somalia and to sending representatives to coordination meetings for suppliers of aid and training to the Democratic Republic of Congo armed forces. China is open to gradually increasing cooperation with the United States in Africa, starting with small-scale health and agriculture projects in Ethiopia, Ghana and Liberia. End Summary.

China Protests Taiwan Arms Sales

12. (C) AFM Zhai began the October 14 meeting of the U.S.-China Sub-Dialogue on Africa by conveying China's "stern position" regarding U.S. arms sales to Taiwan. Reading from a prepared statement, he said that despite "firm opposition" of the Chinese side, the United States "insisted on selling advanced weapons to Taiwan." This action violates the three Joint Communiqués, undermines China's national security and peaceful reunification and damages U.S.-China cooperation in a number of areas. Noting that full respect for each other's "core interests" is a prerequisite for the development of bilateral relations, AFM Zhai urged the United States to cancel the proposed arms sales to Taiwan.

China's View of Africa's Overall Situation

13. (C) Turning to the subject at hand, AFM Zhai assessed the overall situation in Africa as generally positive. He pointed to the resolution of the election crisis in Kenya, successful elections in Angola, progress in the African Union (AU)-led integration process and Africa's 5.8-percent economic growth in 2007 as evidence of a positive trend in Africa's development. He attributed these positive developments to African countries' increasing willingness and ability to solve their own problems, Africa's increasing

importance as a supplier of energy and a more attractive place to invest, and the international community's paying more attention to Africa. However, peace and security in Africa remain fragile, AFM Zhai said. The spillover from the Darfur conflict into Sudan-Chad relations, Ethiopia and Eritrea's border dispute, the worsening situation in Somalia and a coup in Mauritania all threaten Africa's stability. Africa also faces challenges from rising food prices, which have undermined stability and Africa's ability to meet Millennium Development Goals. A/S Frazer agreed with AFM Zhai's general assessment, stressing the need to strengthen African institutions, build up the agricultural sector and improve the work of electoral commissions.

China's Policy Priorities in Africa

¶4. (C) AFM Zhai outlined China's policy priorities for Africa, emphasizing that China's policy is not motivated by "selfish interests" but aims to enhance South-South cooperation and to show "solidarity with other developing countries." China's first priority is the maintenance of international peace and security, which is necessary for China's own development and the safety of Chinese nationals in Africa. For this reason, China is very involved in peacekeeping operations in Africa and has more peacekeeping missions in Africa than anywhere else. AFM Zhai stressed the importance of encouraging Africans to solve their own problems "in the African way." China's second priority is to promote economic and social development. Africa is a good match economically for China, because China needs export markets and resources to sustain domestic growth and Africa

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needs foreign capital for infrastructure. Third, China wants to strengthen political solidarity with Africa. The one-China policy is the basis for developing relations with African countries, and China appreciates African countries' support on sovereignty issues. At the same time, China supports African countries in the UN and other multilateral institutions while encouraging the international community to focus on African peace and development. AFM Zhai stressed that China-Africa relations are open, transparent and non-exclusive and do not pose a threat to other parties.

Chinese Assistance to Africa

¶5. (C) A/S Frazer asked three follow-up questions with respect to China's economic relations with Africa: the possible displacement of African merchants by small-scale Chinese retailers; concerns that Chinese concessional loans are adding to some African countries' debt burdens; and the use of Chinese labor on and the lack of technology transfer from Chinese-funded infrastructure projects in Africa.

¶6. (C) AFM Zhai noted international interest in China's assistance mechanisms for Africa. Asserting first that China is still a developing nation itself, he outlined three cooperative models: assistance, "mutually-beneficial cooperation" (MBC) and normal bilateral trade. China provides aid to the world's neediest countries, AFM Zhai said, many of which are in Africa. He noted that in recent years the Chinese Government has funded 800 "turn-key" projects in Africa and has sent 350,000 technicians and 18,000 medical workers to the continent. Responding to A/S Frazer's question about technology transfer, AFM Zhai noted that China's collaboration with African countries includes the training of African personnel, including the objective set at the 2006 Forum on China-Africa Cooperation (FOCAC) of training 30,000 African professionals.

¶7. (C) China has recently sent 125 "Young Pioneers" to Ethiopia and the Seychelles, AFM Zhai continued. The "Young Pioneers," according to AFM Zhai, are a Communist Youth League-affiliated volunteer program that sends "highly qualified" applicants to work in Africa, primarily in the health sector. Applicants to the program must possess

technical qualifications and be fluent in either English or French.

¶8. (C) According to AFM Zhai, China has provided debt relief on 308 Chinese loans to 34 African countries, totaling 18 billion RMB (USD2.65 billion). In the past year China issued grants of 2.77 billion RMB (USD397 million) and interest-free loans totaling 700 billion RMB (USD103 billion). AFM Zhai counted 46 hospital projects, 31 sports stadiums, 31 schools, 18 farms and 18 power stations that China had funded as of June 2008. China has also dug 700 wells for potable water and built 2000 kilometers of rail and 2000 kilometers of road. Asserting that China's large-scale projects in Africa are relatively few, AFM Zhai noted the Tanzania-Zambia railway, an international conference center in Egypt and a sugar processing plant in Togo among such projects.

¶9. (C) AFM Zhai said China is on track to deliver on its commitments to Africa made at the 2006 FOCAC, including the creation of five economic/trade zones, training of 8500 African professionals in various sectors and deployment of 100 senior Chinese agricultural experts to Africa. The 2009 FOCAC ministerial meeting in Egypt will give senior officials the opportunity to identify new priorities for cooperation, and, AFM Zhai said, agriculture and food security will be high on the agenda. "We want to help make a contribution to feed our African brothers and sisters," he said. AFM Zhai also mentioned recent Africa initiatives announced by Premier Wen Jiabao at the September 23-25 High-Level Meeting on the Millennium Development Goals in September in New York, including programs in food security, agriculture, health, clean energy, debt relief and tariff reductions.

¶10. (C) The model of "mutually-beneficial cooperation" (MBC) is developing rapidly, according to AFM Zhai, and many Chinese businesses, including small retailers, are moving into the African market. AFM Zhai enumerated five key principles of Chinese assistance to Africa: 1) China will keep its promises; 2) China will respect the wishes of

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recipient countries; 3) China will pursue a non-interference policy and will impose no political conditions; 4) assistance projects should be low-cost and effective; and 5) projects will be chosen after friendly consultation with recipient governments. He asserted that a thorough accounting is performed after each project is completed, ensuring that money is being well spent.

¶11. (C) AFM Zhai explained that the MBC model reflects China's relatively small amount of foreign assistance funding. He asserted that careful vetting of projects (i.e., for profitability) ensures that China's concessional loans do not contribute to African countries' debt burdens. Moreover, China's loans are "not huge," China does not grant concessional loans to highly indebted poor nations, and China is not the main creditor of any African recipient nation. AFM Zhai noted that China's programs in Africa have "accomplished a lot," even though China is still a developing nation with a per capita GDP that trails at least 100 nations. He acknowledged the role of international financial institutions such as the World Bank and African Development Bank and said that China stands ready to increase cooperation with these institutions and with donor nations to "improve the formula" of China's MBC model.

¶12. (C) AFM Zhai cited cases in which small African companies benefit from Chinese investment, such as when large Chinese engineering firms subcontract to and rent capital equipment from African companies and when Chinese trading companies appoint African agents. He noted that "skills transfer" is a major component of China's foreign assistance programs. Nonetheless, AFM Zhai admitted that Chinese companies' approach to their work in Africa is imperfect and their international experience is often shallow. He said the Chinese Government is working to encourage better behavior by

circulating information about local laws and practices. AFM Zhai noted the "wide-ranging experience" of the United States in Africa and said he hopes to learn more about U.S. programs in order to improve China's own approach to foreign assistance. He specifically mentioned Transformational Diplomacy, the African Growth and Opportunity Act (AGOA), the President's Emergency Program for AIDS Relief (PEPFAR), the Millennium Challenge Account (MCA) and the President's Malaria Initiative (PMI) as areas of specific interest. A/S Frazer briefed AFM Zhai on all of these initiatives in explaining the overarching U.S. goals of peace, prosperity and good governance in Africa. She also explained AFRICOM as an internal U.S. military reorganization to improve military cooperation with Africa rather than a response to China's activity or a change in the complexion of U.S. engagement in Africa.

Sudan

¶13. (C) AFM Zhai expressed concern over the situation in Sudan, noting that the deterioration of the situation at this critical stage will not only affect the stability of entire region but will also threaten Chinese nationals in Sudan. He stressed that stability is China's "overriding objective" in Sudan. On his August 29-September 1 visit to Sudan, AFM Zhai urged President Bashir to cooperate with the international community and "to be prudent" in taking action involving refugee camps. Regarding the International Criminal Court (ICC) indictment of President Bashir, AFM Zhai credited the Sudanese Government with showing restraint but argued that the issuance of an arrest warrant will spark a backlash from the Government and destroy the foundation for cooperation. He warned of disastrous consequences for the North-South peace process, UNAMID and elections "if the ICC indictment process is not handled properly." He noted the accomplishments of the past three years and expressed hope that the United States and China can work together for a "soft landing" on the ICC issue.

¶14. (C) On the subject of North-South Sudan relations, AFM Zhai said both sides have the will to implement the Comprehensive Peace Agreement (CPA). On his recent trip to southern Sudan to open a consulate in Juba, he announced China's plans to provide Southern Sudan more foreign assistance and to encourage Chinese companies to help build infrastructure in the region. He also urged Sudanese Government officials to focus more on economic development in

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Southern Sudan, warning that people in the South will vote for independence in the 2011 referendum if they do not enjoy the dividends of peace.

¶15. (C) A/S Frazer noted that the situation in Darfur has not improved as hoped and told AFM Zhai that, although the United States is not a member of the ICC, we believe the time is not right for an Article 16 suspension of ICC proceedings against President Bashir. A/S Frazer noted that we have heard from some ICC members that the ICC lower court is unlikely to take action until late 2008 or early 2009, giving Khartoum time to make progress on the ground in Darfur. She said the United States is prepared to airlift Ethiopian and Rwandan troops into Darfur as well as equipment stuck in port in Sudan to help get 3000-4000 more UNAMID troops to Darfur before year's end. Citing concerns about a spillover into Chad, A/S Frazer asked China to urge Sudan to show restraint and stop supporting Chadian rebels. AFM Zhai responded that he will intensify his efforts to do so.

Somalia

¶16. (C) On Somalia, A/S Frazer expressed support for a limited UN peacekeeping operation requested by the AU and asked for China's support. AFM Zhai agreed that the situation merits UN assistance and committed to giving the idea "favorable consideration." He said the AU mission has

played an important role but is limited and needs greater financial, technical and logistical support from the international community.

Democratic Republic of Congo (DRC)

¶17. (C) A/S Frazer expressed concern about the growing crisis in Eastern Congo and asked China to attend coordination meetings in Kinshasa for suppliers of aid and training to the DRC military. Noting China's concern about the situation in the DRC and willingness "to remain positively engaged with the United States" on this issue, AFM Zhai said he will tell the Chinese Ambassador in the DRC to "give favorable consideration" to A/S Frazer's request.

U.S.-Chinese Cooperation in Africa

¶18. (C) At several points during the Sub-Dialogue, AFM Zhai made positive comments on U.S.-Chinese cooperation in Africa.

He referred to President Bush's public comments that U.S.-Chinese relations in Africa are not a zero-sum game as "a fair statement of our relationship in Africa" and noted that "our efforts in Africa should complement each other." The Sub-Dialogue ended with a discussion of bilateral cooperation in Africa. AFM Zhai said the potential for greater cooperation exists but stressed the need to agree on three principles for cooperation: 1) respect the views of Africans and do not impose outside views on African countries; 2) seek to gradually increase cooperation, starting with countries with whom the United States and China both enjoy good relations and focusing on concrete, small-scale projects in agriculture and health; and 3) use existing mechanisms and frameworks rather than setting up new mechanisms for cooperation. AFM Zhai suggested that Ethiopia, Ghana and Liberia offer the greatest potential for U.S.-Chinese cooperation and said that U.S. and Chinese ambassadors in those three countries should meet to discuss possible cooperation. A/S Frazer responded that she absolutely agrees with these principles for cooperation and promised to inform our ambassadors in Ethiopia, Ghana and Liberia to coordinate with their Chinese counterparts.

¶19. (U) A/S Frazer cleared this cable.
RANDT